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10 MAY 1973

MEMORANDUM FOR: Assistant Deputy Director for Science
and Technology

SUBJECT: The Relationship Between Intelligence
Collection and Analysis Activities

1. Recent proposals for reorganization within this Agency illustrate the recurring but difficult management problem of functional versus project organization. On the one hand we have the Director's one Agency concept that seems to indicate centralization along functional lines. This is intended to foster Agency-wide cooperation and unity of purpose through the interdependence of the various functions involved. On the other hand we have the Agency objective of achieving significant gains in productivity while still retaining efficiency and timeliness. This, by all advice and example of modern industry, would seem to argue for a decentralized, end-product-oriented organization. In the intelligence business where many one-of-a-kind activities are the norm this means project organization. Observations of the Agency in its recent efforts to effectively address current pressing national problems give indications that there is a real danger in continuing to pursue a functional and thus, to a great extent, centralized reorganization. There can be no question of the efficiency to be gained through combining those more or less repetitive or predictable activities having common inputs, working resources and outputs. That is the basis for DDM&S. Almost any Agency program predictably needs security support, communications, logistics, etc. However, if the daily or basic transactions of an activity are variegated and not susceptible to a high degree of anticipation then gathering a number of these externally similar functions in a central organization can be a serious mistake. To be sure the decision

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point between the two alternate organizational approaches is not well defined. Management theorists do not agree on a concrete definition of the choice nor do they provide explicit guidelines for selecting one over the other. In the paragraphs to follow a case is made for no further reorganization and/or centralization of those activities and projects contained in the Deputy Director's current reorganization plan. The intent is to show that the triumverate of technical intelligence R&D, collection and analysis as applied to those selected national problems that are most appropriately assigned to this Agency and pursued by DD/S&T should not be further diffused. This question should be the basic issue in the near term for there are recognized alternate ways to achieve the sorely needed one-Agency objective. There is no good alternative for an organizational structure than can efficiently and quickly deploy the needed diverse intelligence disciplines against a set of essentially unpredictable technological events. The specific point of issue is the nexus between the analytical and collection functions as previously performed in the DD/S&T and as encompassed with certain modifications in the current reorganization plan.

2. There are three fundamental ways in which the analytical efforts of OSI and FMSAC interact with the collection and system development activities in the Directorate. The first way is by active participation in operational collection projects. In a sense this represents an optimum compromise between the functional and project approaches. The causative reason for this mode of interaction is the presence of a highly specialized or production oriented capability in the analytical shop and its corresponding absence in the collection component. Under present arrangements day to day project supervision is provided by the responsible collection office. In some cases a temporary transfer of administrative control is effected.

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Further details on these and other instances are given in paragraph 4. The second way in which we have the analysis/collection interaction is in formulating collection requirements and/or assessing the need for postulated collection systems.

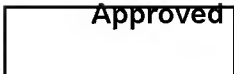
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This process as currently practiced is not as formal or stylized as for example the SICR mechanism within the DOD. Effective as the SICR approach may be in managing DOD intelligence programs it cannot materially assist in specifying a collection system nor in choosing among competing collection projects. To accomplish the latter a more detailed exchange must take place between those who need specific information and those who can get that information. A negative example of this kind of interplay was the FMSAC induced review and

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interaction between the analytic and other salient DD/S&T functions is at the processing interface separating the technical data as collected from that as needed by an intelligence analyst. In this process, intelligence analysts actually work daily with raw data processors in their laboratories. Sometimes even hands-on operation is necessary. In the past the raw data processing function resided in the collection or development office because of the intimate dependence of raw data characteristics as recorded in the field and the collection system and its modes of operation. Present planning calls for this function to be transferred to a new grouping of analytical components. This is sensible and timely for several reasons not the least of which is the aid it will give to maintaining analysts' familiarity with the rapidly changing collection technologies. This assumes of course that those responsible for developing collection systems are available for the requisite daily interchange during the active periods in a collection project.

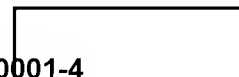
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3. The foregoing rationale is in a partial sense an argument for the recent DD/S&T reorganization plan. Some may

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say it is a plea for the status quo in the face of the avowed need for the CIA to act as a single purposeful organization. Again it may appear in apparent conflict with certain provisions of NSCID-6. Recently a member of the Agency IG staff remarked that DD/S&T was an interesting management case study because it represented a miniature view of the whole Agency. The idea of modeling a larger entity is itself a particularly valuable function in today's intelligence arenas. This is especially true if the organization also happens to be making exceptional intelligence contributions as its primary mission. The point is that redundant but independent activities can be valuable within the Intelligence Community. Unequivocal centralization is not an organizational panacea. The quality control role of an organization such as the DD/S&T should be of immense value in generating evaluations of related national intelligence activities or programs. Perhaps more important is the maintenance of a first rate capability to assess the technical suitability of proposed major collection programs in the complete systems sense. This capability can only be purchased by doing, not by proclaiming. One other point is worth mentioning. That is the argument may be made for all of the above benefits also accruing to a more centralized organization. It appears, based on the size of our Agency in relation to the complexity of its products and tasks, that retaining the three functions of R&D, collection and analysis within a single Directorate and with the same scope most closely matches the more efficient end product organizations in industry. It is apparent that decentralizing further, say to the office level, is not tenable because of the number of diverse disciplines contributing to our typical Directorate programs. I suspect that moving in the other direction will dilute and diffuse close project support. To conclusively prove this is very difficult. Suffice it to say the examples given in paragraph 4 are cogent reasons for strongly suspecting diffusion of effort with further centralization. Finally, proving the converse, i.e., further centralization will improve things should be equally difficult in view of the record of DD/S&T.

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4. The following examples are more detailed and explicit instances of the benefits of a close working relationship among the basic functions of research and development, collection and analysis for intelligence. Some of the examples may be seen to illustrate the pitfalls of the converse to a close working relationship.

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